

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O. 11652: N/A

TAGS:EWWT, TW

SUBJECT:ALLEGED ROC DISCRIMINATION AGAINST U.S. VESSELS

1. AMERICAN INSTITUTE OF MERCHANT SHIPPING (AIMS),
AN ASSOCIATION OF AMERICAN-FLAG SHIPPING LINES, HAS
APPROACHED DEPARTMENT REGARDING ALLEGED DISCRIMINATORY
SHIPPING PRACTICES AFFECTING COTTON IMPORTS ENFORCED BY
AGENCIES OF GROC.

2. AS REPORTED TO DEPARTMENT BY AIMS, MANUFACTURER WISHING
TO IMPORT COTTON MUST APPLY THROUGH CENTRAL TRUST (CTC) TO
ROC BOARD OF FOREIGN TRADE FOR IMPORT LICENSE. AMONG
STANDARD CONDITIONS OF IMPORT LICENSE ISSUED BY BOARD OF
FOREIGN TRADE ARE REQUIREMENTS THAT COTTON BE PURCHASED ON
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F.A.S. (FREE ALONG SIDE) TERMS, THUS GIVING IMPORTER
CONTROL OVER SHIPPING, AND THAT SHIPMENT BE MADE THROUGH
OVERSEAS JOINT SHIPPING OFFICE (OJSO). (AIMS REPORTS THAT
OJSO IS AN OFFICE ESTABLISHED BY GROC TO COORDINATE ROC-
FLAG SHIPPING.) OJSO IN TURN REQUIRES THAT COTTON BE
SHIPPED ON ROC-FLAG VESSELS. AIMS REPORTS THAT COTTON
SHIPMENTS ARRIVING FROM U.S. EAST COAST ON OTHER THAN ROC-

FLAG VESSELS RISK SEIZURE BY ROC CUSTOMS AND THAT ROC CUSTOMS REQUIRE SHIPMENTS FROM U.S. WEST COAST TO HAVE OJSO STAMP ON BILL OF LADING.

3. EMBASSY REQUESTED TO CONFIRM PROCEDURES OUTLINED IN PARA 2 ABOVE AND INFORM DEPARTMENT IF AIMS DESCRIPTION IS ACCURATE. IN PARTICULAR, DEPARTMENT WOULD APPRECIATE EMBASSY CONFIRMATION OF CONDITIONS IMPOSED BY BOARD OF TRADE IN ISSUING IMPORT LICENSE AND OF CUSTOMS ROLE IN ENSURING SHIPMENT ON ROC VESSELS. IT WOULD BE USEFUL IF EMBASSY COULD PROVIDE MORE INFORMATION ON STATUS OF OJSO (I.E., IS IT GOVERNMENTAL OR QUAIS-GOVERNMENTAL BODY?). DEPARTMENT WOULD ALSO LIKE TO KNOW WHETHER PROCEDURES OUTLINED IN PARA 2 ARE UNIQUE TO COTTON IMPORTS OR ARE APPLIED TO OTHER CATEGORIES OF IMPORTS AS WELL.

4. IF AIMS DESCRIPTION OF ROC PROCEDURES IS SERIOUSLY

INACCURATE, EMBASSY SHOULD INFORM DEPARTMENT AND NOT RAISE MATTER WITH GROC WITHOUT FURTHER INSTRUCTIONS FROM DEPARTMENT. IF AIMS DESCRIPTION IS BASICALLY CORRECT, EMBASSY IS REQUESTED TO RAISE MATTER WITH ROC OFFICIALS AND EXPRESS CONCERN OVER DISCRIMINATORY NATURE OF PROCEDURES DECREED AND IMPLEMENTED BY GROC AGENCIES (E.G., BOARD OF TRADE AND CUSTOMS). EMBASSY SHOULD POINT OUT THAT GROC PROCEDURES COULD, UNDER U.S. LAW, TRIGGER COUNTERVAILING ACTION AGAINST ROC VESSELS IN U.S. TRADES.

5. FYI. PRACTICES SUCH AS AIMS REPORTS COULD BE CONSIDERED DISCRIMINATORY UNDER THREE U.S. LAWS: MERCHANT MARINE ACT LIMITED OFFICIAL USE

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OF 1920, TRADE ACT OF 1974, AND PUBLIC RESOLUTION 17.

A) SECTION 19 OF MERCHANT MARINE ACT ENABLES U.S. OR THIRD-FLAG CARRIERS OPERATING IN U.S. TRADES TO REQUEST U.S. FEDERAL MARITIME COMMISSION (FMC) TO IMPOSE COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST U.S.-FLAG SHIPPING. (FMCMAYINITIATE SECTION 19 ACTION EVEN IN ABSENCE OF OPERATOR COMPLAINTS IF IT BELIEVES SITUATION WARRANTS SUCH ACTION.)

B) SECTION 301 OF 1974 TRADE ACT PROVIDES THAT QUOTE WHENEVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY ... ENGAGES IN DISCRIMINATORY OR OTHER ACTS OR POLICIES WHICH BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES), ... HE SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS....UNQUOTE. THESE STEPS MAY INCLUDE IMPOSITION OF DUTIES OR OTHER IMPORT RESTRICTIONS ON PRODUCTS OF SUCH FOREIGN COUNTRY OR

INSTRUMENTALITY.

C) PUBLIC RESOLUTION 17 REQUIRES THAT ALL EXPORT/IMPORT BANK CARGOES MUST BE CARRIED IN U.S.-FLAG VESSELS, EXCEPT THAT U.S. MARITIME ADMINISTRATION (MARAD) MAY GRANT GENERAL WAIVERS ALLOWING RECIPIENT COUNTRY'S VESSELS TO CARRY UP TO FIFTY PERCENT WHEN MARAD IS SATISFIED THAT RECIPIENT GOVERNMENT PROVIDES QUOTE FAIR AND EQUITABLE TREATMENT UNQUOTE FOR U.S.-FLAG SHIPPING. ROC SHIPPING LINES HAVE BENEFITED SUBSTANTIALLY FROM EXIM WAIVERS AND WOULD LOSE SIGNIFICANT AMOUNT OF CARGO IF MARAD REFUSED TO GRANT ADDITIONAL WAIVERS OR WITHDREW EXISTING WAIVERS. END FYI.

6. EMBASSY MAY DRAW ON ABOVE FYI MATERIAL AS APPROPRIATE IN DISCUSSIONS WITH ROC OFFICIALS.

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Message Attributes

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Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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